

SHANE & REISNER, LLP
Robert H. Livingston Community Center
188 1/2 West Main Street
Allegany, NY 14706

ATTORNEYS:

J. Michael Shane, Esq.
Jeffrey P. Reisner, Esq.*
* Also admitted in PA

(716) 375-4213
FAX: (716) 375-4214

LEGAL ASSISTANTS:

Angela M. Ash
Kae Ellen Kyler

E-Mail: jmshane@verizon.net
jeffreisner@verizon.net

October 20, 2010

Frank C. Brock, Geologist
US Environmental Protection Agency Region 2
Ground Water Compliance Section
290 Broadway, 20th Floor
New York, NY 10007

Re: **BDH Oil, Inc.**

Dear Frank:

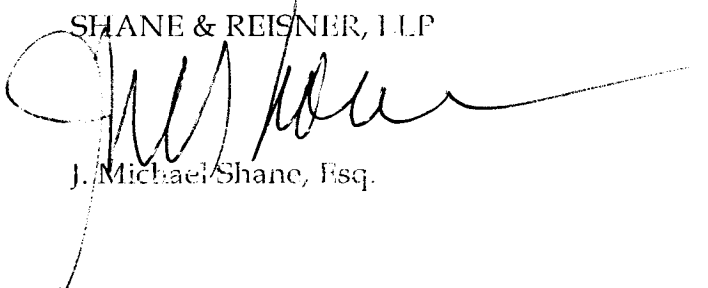
Enclosed please find copies of 2007, 2008 and 2009 tax returns for the above-named corporation.

Also enclosed are some invoices for plugging and a recorded assignment of a portion of the lease to Snyder Brothers in Bradford, PA.

After you have had a chance to review the enclosed documentation, please advise if any further documentation is required.

Yours very truly,

SHANE & REISNER, LLP


J. Michael Shane, Esq.

JMS/aa

Enclosures



James K. Griffith
CATTARAUGUS COUNTY CLERK
Cattaraugus County Center 303 Court Street
Little Valley, NY 14755
(716) 938-9111
Fax: (716) 938-6009

Instrument Number
28794-001

No. of Pages: 4

Delivered By: GRECO & LANDER

Receipt No. 28794

Return To:

GRECO & LANDER
PO BOX 667
CLARION, PA 16214

DATE: 03/31/2005

Time: 11:17 AM

Document Type: ASSIGN LEASE

Parties To Transaction: BDH OIL TO SNYDER BROS

Town/City:

Deed Information

Consideration: \$1.00

Transfer Tax: \$0.00

RETT No: 02550

State of New York
Cattaraugus County Clerk

Mortgage Information

Mortgage Amount

Basic Mtge. Tax:

Special Mtge. Tax:

Additional Mtge. Tax:

Mortgage Serial No.:

This sheet constitutes the Clerk endorsement required by Section 316-A(5) & Section 319 of the Real Property Law of the State of New York. DO NOT DETACH

James K. Griffith

Cattaraugus County Clerk



AGREEMENT

This Agreement ("Agreement") made this 12th day of November, 2004, by and between BDH Oil, Inc., a Pennsylvania corporation, with offices at 580 Interstate Parkway, Bradford, PA 16701 (hereinafter referred to as "BDH")

A
N
D

Snyder Brothers, Inc., a Pennsylvania corporation, with offices at P.O. Box 1022, Kittanning, PA 16201 (hereinafter referred to as "SBI")

WITNESS

WHEREAS, BDH is the current record title owner of certain oil and gas leases located in Allegany Township, Cattaraugus County, New York, by assignment dated March 19, 1993, between Belden and Blake Corporation, as assignor, and BDH, as assignee, and recorded in Cattaraugus County Record Book 942, Page 976 ("Leases"); and

ORIGINAL LEASE RECORDED MISC. 22/106

WHEREAS, SBI or its assigns desires to acquire the right to drill wells on the Leases and thereby acquire title to all of the oil and gas produced from the said wells subject to the terms and conditions contained herein.

NOW, THEREFORE, in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, with the intent to be legally bound, the parties hereto agree as follows:

1. BDH grants, conveys, assigns and sets over until SBI the exclusive right to drill new wells and rework existing wells on the leases. SBI shall undertake efforts to permit and drill five wells on the Leases within one year of the date hereof. After the initial five wells are drilled and completed, SBI may drill such additional wells on the Leases as it may elect from time to time, subject to a minimum commitment of five (5) new or reworked (or a combination thereof) wells per year.
2. Upon the spudding and reworking of each well, SBI shall earn the leasehold rights in and to a portion of the leases located within a circle having a radius of 500 feet with the wellbore at the center of the circle ("Drill Locations") together with all necessary and convenient rights of ingress, egress and regress for the purpose of constructing roads, pipelines, tank batteries, meters, equipment and other facilities.
3. BDH grants SBI the right to use existing roads, pipelines, tank batteries, and other facilities that may be located on the lease premises.
4. SBI shall pay to BDH a Six Thousand Dollar (\$6,000.00) well location fee for each well that it may drill on the Leases, with payment to be made in 30 days after the spudding of the well.

Greco + Lander P.C.

41.00
5.00

942-976 ✓
22-106 M.R. ✓

5. SBI shall have the exclusive right to rework existing wells located on the property. For all existing wells that are reworked, BDH shall receive a five percent (5%) carried working interest (operating cost to be paid by BDH). For all existing wells that are reworked by SBI, SBI shall not be obligated to pay a \$6,000.00 location fee.

6. If SBI uses existing tank batteries and current production from wells owned by BDH is being pumped into the tank battery, the parties shall divide the proceeds from the sale of the oil on a proportionate basis. BDH shall at all times bear the cost of operating the wells that it owns, even if the oil is commingled and sold as provided herein.

7. SBI may also plug existing wells on the Leases. SBI shall bear the cost of plugging; provided, however, that SBI shall have the right to retain the value of all equipment that may be salvaged through the plugging operations.

8. At such time as Snyder presents BDH with a survey plat and a demand after the spudding or reworking of the said well, BDH shall execute an assignment agreement for recording purposes dated prior to the spud or rework date, assigning the said Drill Locations to SBI, together with all necessary and convenient rights of ingress, egress and regress for the purpose of constructing and maintaining roads, pipelines, tank batteries, meter sites and other equipment and improvements. At SBI's request, BDH shall assign to SBI the permit for all wells that SBI reworks.

9. BDH agrees not to sell or assign its rights under this Agreement and the Leases or enter into any agreement to do so without first giving SBI the first opportunity to purchase or receive assignment on the same terms as offered to BDH or by BDH with respect to a third party with 30 days to accept or reject said terms. If SBI elects not to exercise this right of first refusal to purchase or accept an assignment of BDH's rights under this Agreement, it shall still have the first opportunity to purchase or accept an assignment in the future should BDH not close the sale or assignment that was refused by SBI. If SBI does not exercise this right of first refusal to purchase or accept an assignment from BDH, and BDH conveys its rights to a third party, SBI shall have a right of first refusal to purchase or receive an assignment on the same terms as offered to the third party or by the third party with respect to a further sale with thirty (30) days to accept or reject said terms. The assignment agreement between BDH and a third party shall memorialize SBI's rights as described herein.

10. BDH hereby warrants that it has complete, legal title to the Leases and the Drill Locations and the existing gas wells, wellhead equipment, pipelines, tank batteries and other equipment located on the Leases, free and clear of all liens, encumbrances, security interests, operating agreements and claims of every kind whatsoever, except for the landowner royalties stated in Paragraph 11 below. It is further warranted that the Leases are in full force and effect and contain all of the covenants and obligations of BDH concerning the oil and gas operations on the lease premises. BDH further warrants that there are no outstanding DEP, DEC or EPA violations or orders concerning the Leases and the current operations being conducted thereon. BDH shall indemnify and hold SBI harmless against any and all violations that may result from existing operations or future



operations being conducted by BDH on the Leases.

11. BDH further warrants that the net revenue interests for the Leases are as follows:

- 1 H. Area - .84376;
- 2 D, E, F, & G Areas - .8125; and
- 3 A, B, & C Areas - .750 with 10 acres of the lease premises around each existing well held by production.

BDH grants SBI the right to renegotiate all landowner royalties, overriding royalties and other burdens that encumber the Leases.


12. BDH shall have the right with the consent of SBI to plug existing wells located on the Leases. If BDH elects to plug an existing well, SBI shall have the exclusive option (but not the obligation) to purchase all pipe and equipment that may be salvaged therefrom at the following rates: a) pumpjacks and associated equipment - \$1500; b) all other equipment to be negotiated between the parties.

13. The terms of this Agreement shall extend to and be binding upon the parties hereto, their successors and assigns.

14. The parties agree to rely on and to allow the other parties hereto to rely on facsimile signatures of this Agreement and any other agreements or notices or correspondence between the parties in connection with this Agreement, and the facsimile signature shall have the same legal force and effect as an original signature.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written with the intent to be legally bound.

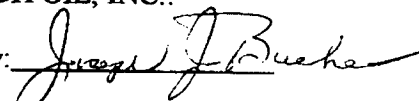
ATTEST:


(Seal)

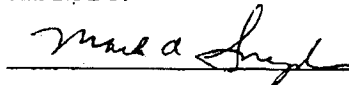
Secretary

(Corporate Seal)

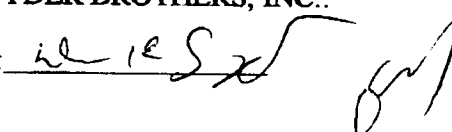
BDH OIL, INC.:

By: 
President

ATTEST:



SNYDER BROTHERS, INC.:

By: 

COMMONWEALTH OF PENNSYLVANIA

SS:

COUNTY OF Allegheny

On this the 12 day of Nov, 2004, before me, the undersigned officer, personally appeared Joseph T. Bucher, who acknowledged himself to be President of BDH OIL, INC., a Pennsylvania corporation, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

SUSAN M. JORDAN
Notary Public, State of New York
Allegheny County
Reg. No. 1571
My Commission Expires March 9, 2006 (SEAL)

Susan M. Jordan
NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA

SS:

COUNTY OF Armstrong

On this the 12th day of November, 2004, before me, the undersigned officer, personally appeared David E. Snyder, who acknowledged himself to be President of SNYDER BROTHERS, INC., a Pennsylvania corporation, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

NOTARIAL SEAL
LESLIE S. CHVALA, NOTARY PUBLIC
EAST FRANKLIN TWP., ARMSTRONG CO.
MY COMMISSION EXPIRES JAN. 28, 2006

(SEAL)

Leslie S. Chvala
NOTARY PUBLIC

Les